

AGENDA SUMMARY PAGE
RECOMMENDING COMMITTEE MEETING OF: JANUARY 2, 2007

DEPARTMENT: CITY ATTORNEY

DIRECTOR: BRADFORD R. JERBIC

☐ Consent ☒ Discussion

SUBJECT:

NEW BILL:

Bill No. 2006-81 - Grants to Nevada Power Company, a Nevada Corporation, a non-exclusive franchise to install, operate and maintain an electrical distribution system to provide electrical service to consumers within the City subject to and in accordance with the terms and conditions of the Franchise Agreement between the City and Nevada Power Company. Proposed by: Mark R. Vincent, Director of Finance and Business Services

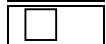
Fiscal Impact



No Impact



Augmentation Required



Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

Nevada Power Company, Inc. currently provides residents of the City with electric service pursuant to a non-exclusive franchise issued to it by the City, which agreement was renewed in 2004 for an additional three-year term. The City proposes the issuance of a new eighteen-year non-exclusive franchise to Nevada Power, in accordance with the terms and conditions of the Franchise Agreement incorporated in this bill. As consideration for this franchise, Nevada Power will pay the City annually five percent (5%) of its gross revenue in accordance with the provisions of LVMC 6.67.040.

RECOMMENDATION:

This bill should be submitted to a Recommending Committee for review, hearing and recommendation to the City Council for final action.

BACKUP DOCUMENTATION:

1. Bill No. 2006-81
2. Franchise Agreement

Motion made by STEVEN D. ROSS to Approve as a Do Pass

Passed For: 2; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

LOIS TARKANIAN, STEVEN D. ROSS; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

Minutes:

COUNCILWOMAN TARKANIAN declared the Public Hearing open.

CITY COUNCIL MEETING OF: JANUARY 2, 2007

CHRIS WARE, Franchise Officer, highlighted the proposed agreement with Nevada Power and noted it had not been renegotiated since 1979. The term of the new agreement would be 18 years and kept coterminous with the franchise accounting to allow successors an opportunity to renegotiate with the County and Nevada Power. The franchise fees would remain at a five percent gross revenue which was nearly \$24 million last fiscal year.

The franchise agreement grants Nevada Power non-exclusive rights but rights to the City and other entities are preserved to provide electric service if the state of affairs changes.

The agreement requires permitting and restoration of public rights-of-way in addition to new provisions concerning the American with Disabilities Act. For example, if there were a pole in the middle of a sidewalk, the agreement would allow Nevada Power to conduct remedial work up to \$100,000.

There would be more specific and newer provisions to detail party's rights concerning the use of the City poles by Nevada Power. There are new provisions concerning third party attachments to Nevada Power poles, such as Embarq and/or Cox, and would prevent problems that have arisen in the past. Additional provisions would continue to allow the City to utilize Nevada Power poles for non-commercial purposes and would be safely oriented. There are new provisions that would also address historical relocation problems.

The delinquent damages provisions in the agreement is broadened and would constitute nearly \$500 per day to cover any type of material violations while allowing Nevada Power to care for those issues. The agreement would continue standard indemnification clauses, increase standard insurance requirements, continue the \$500,000 insurance bonds and include a more specific auditing provision. Lastly, there is a provision about conservation whereby Nevada Power agrees to work with the City to meet greater energy efficiency and includes supporting the Green Building program.

VAL STEED, Chief Deputy City Attorney, added that the granting franchise has an independent public hearing associated and more comments could be heard at that time. This meeting would not constitute all comments and is not a substitute for the formal public hearing to be scheduled.

TOM McGOWAN, Las Vegas resident, stated that it is probable that there would not be enough public comment. He inquired if the audit would be internal or independently conducted and by whom. MR. WARE stated that there is not a specific audit planned at this time and noted that the prior agreement did not have language specific to an audit. He commended EDGAR PATINA from Nevada Power for his professionalism while negotiating this agreement.

EDGAR PATINA supported the document and recommended approval

MR. McGOWAN expressed his appreciation and support.

COUNCILWOMAN TARKANIAN declared the Public Hearing closed.